

## Relations industrielles Industrial Relations



### Bosch, Gerhard, *Retraining - Not Redundancy. Innovative Approaches to Industrial Restructuring in Germany and France*

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Volume 49, numéro 1, 1994

URI : <https://id.erudit.org/iderudit/050929ar>

DOI : <https://doi.org/10.7202/050929ar>

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#### Éditeur(s)

Département des relations industrielles de l'Université Laval

#### ISSN

0034-379X (imprimé)

1703-8138 (numérique)

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#### Citer ce compte rendu

Buechtemann, C. F. (1994). Compte rendu de [Bosch, Gerhard, *Retraining - Not Redundancy. Innovative Approaches to Industrial Restructuring in Germany and France*]. *Relations industrielles / Industrial Relations*, 49(1), 199-202.  
<https://doi.org/10.7202/050929ar>

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**Retraining — Not Redundancy. Innovative Approaches to Industrial Restructuring in Germany and France** by Gerhard BOSCH, Geneva, International Institute for Labour Studies/ILO; 1992, 183 p. ISBN 9-29014-473-4.

*The context.* In most highly developed economies, the impacts of continuing declines in industrial employment and massive corporate restructuring on regional labor markets have challenged traditional policy responses to large-scale labor dislocations and called for innovative policy approaches that would overcome labor market policy's traditional focus on reactively providing monetary compensation and individual reallocation assistance to displaced workers. Gerhard Bosch's book provides a descriptive analysis of new policy approaches dealing with mass labor redundancies and shifting skill requirements in restructuring regions, industries, and enterprises: so-called *employment plans* ("*Beschaeftigungsplaene*" or "*congés de reconversion*", henceforth referred to as *EP's*) as they have evolved in (West) Germany and France during the later 1980s. Although Bosch's book was first published in German in 1990 and, therefore, covers only the period 1985 to 1988/9, its message is far from obsolete. In fact, with the massive job-losses that have occurred in the world-wide recession of the early 1990s and with the threat of a "de-industrialization" of whole regions emanating from the transformation of former Socialist economies as well as from post Cold War cuts in public defence expenditures in both the East and the West, the underlying notion of shifting from mere reactive, compensatory redundancy policies towards a more active involvement of labor market policy in the actual conversion of firms, industries, and regions has gained considerable momentum.

*The theme.* In France *reconversion plans* were initiated by the Socialist government and became enshrined in national labor law as early as 1985. *EP's* in Germany, by contrast, started in the mid 1980s largely as "grass roots initiatives" by local governments, labor unions, and works councils in crisis-stricken firms undergoing major staff reductions. Meanwhile (under the name of "ABS societies" — "societies for employment promotion, job creation, and regional development") they have become an official labor market policy instrument of significant scope for coping with the social and economic impacts of the industrial dismantling of whole regions in East Germany in the wake of German unification. Whereas in the 1980s there existed only an estimated 60 *EP's* in West Germany, their number in formerly East Germany amounted to 331 (with a total of 130,000 participants) in 1992, with another 85 in the process of being established (For an update on recent developments in (East) Germany see M. Knuth, "ABS Companies and the Potential of Labour Market Policy to Promote Structural Employment", *Employment Observatory for East Germany*, no. 8, August 1993, p. 3-7). As noted by Werner Sengenberger in his foreword to the English edition, *EP's* may thus serve as "model instrument" for industrial restructuring in Central and Eastern Europe (p. viii).

The term "*employment plan*" (or "*conversion plan*" in the French context) is derived from its precursor "*social plan*", which in both France and Germany has been used to denote collectively bargained redundancy agreements commonly involving early retirement benefits and seniority-graded severance pay for dislocated workers to compensate for job loss and cushion the economic blow of large-scale redundancies. With

the gradual exhaustion of the instrument of early retirement due to the thinning out of age groups over 50 in industrial employment and persisting long-term unemployment in "de-industrializing" regions, traditional "social plan" policies increasingly have been perceived as inadequate for dealing with the regional impacts of large-scale redundancies due to firm closures, corporate downsizings, and production relocations. Unlike "social plans", *EP's* intend to take a more active stance by combining established labor market policy instruments, such as worksharing compensation, worker training and retraining assistance, and publicly-subsidized temporary job creation with the search for new areas of economic activity for dislocated workers. *EP's* are designed as a complement and alternative to compensatory benefits negotiated in the context of "social plans". By attempting to integrate regional development and industrial policies in the management of labor dislocation and reallocation, *EP's* also point beyond the scope of supply-side-oriented "active" labor market policies with their traditional focus on helping individual workers overcome personal "handicaps" (low skills; lack of work experience; physical handicaps) that reduce their competitive position in the labor market. Whereas in France *EP's* have been primarily directed towards facilitating external worker mobility through reorientation and retraining programs jointly financed by the state and the dismissing company, *EP's* in pre-unification Germany were aimed at both external labor reallocation and the prevention of labor dislocations through internal mobility (reinstatement and reassignment). Organisationally, *EP's* in Germany frequently involve the establishment of separate non-profit employment and retraining companies funded jointly by firms, local governments, the employment administration (labor office), and (in some cases) EC Regional Development programs. Thus, in Germany at least, *EP's* have been innovative also in the sense that they (though not always successfully) attempt to get different policy actors (regional and local governments, industrial policy agencies, labor offices, labor unions, and firms) to cooperate in and jointly contribute to finding solutions to employment problems resulting from industrial restructuring and relocation.

*The book.* Bosch's monograph is divided into four main parts: chapters 1 to 3 outline the economic and institutional context of the genesis of *EP's* in (pre-unification) Germany during the second half of the 1980s; chapter 4 (entitled "*EP's in Practice*"), contains a very detailed narrative account of the origins, implementation, and preliminary outcomes of 13 individual plant *EP's* established in the German steel, shipbuilding, machine tool, and consumer electronics industries during the years 1985 to 1988, based on in-depth case-study research by the author; chapter 5 gives a relatively brief overview of the French "reconversion" experience based on the available literature and expert interviews conducted by the author; chapters 6 (also entitled "*EP's in practice*") and 7 finally provide a more analytically oriented summary assessment of *EP's* and delineate scenarios for the future development of *EP*-based policies (here the English edition would have gained if the last chapter had been complemented by an update about the further development of *EP's* following German unification).

*Assessment.* Altogether Bosch's book provides a good overview of the beginnings of *EP's* as an innovative policy approach for managing labor dislocations in the context of large-scale industrial restructuring in Germany and France during the 1980s. The very long (research-report-like and at times somewhat tedious-to-read) narrative account of

the history of 13'EPs in Germany given in chapter 4 of the monograph (p. 46-114) is made up for by the highly legible, analytically-minded, concise summary assessment given in chapter 6 (p. 138-162). The latter highlights several of the unresolved dilemmas facing *EP* policies in practice:

- (a) Frequently, the "best" workers are retained by restructuring firms or easily find employment alternative elsewhere so that *EP* companies are left with the "problem cases" (as far as the latter don't qualify and opt for early retirement instead). Likewise, the German experiences reported show that unskilled workers most in need of skills enhancement tend to prefer redundancy payments to participation in retraining programs; and those workers who opt for training programs are often those who could have received training also elsewhere (e.g. in the context of conventional skill enhancement programs offered by local labor offices);
- (b) The longer build-up periods needed for effective training programs and institutions stands in contradiction to the high urgency of immediate payroll cuts on the side of firms in crisis; this is exacerbated by the fact that (i) works councils tend to be willing to negotiate *EP*'s with management only when lay-offs have become inevitable, and (ii) program funding by the employment administration is provided on an individual basis only if workers are immediately threatened by unemployment (i.e. have already received their notice); if, however, the strict criteria for financial support of retraining and job creation programs by the employment administration were relaxed, *EP*'s would run the risk of becoming a selective public subsidy for ailing firms and industries;
- (c) Incompatibilities between the time scales of regional industrial diversification on the one hand and of the reconversion (i.e. reorientation and retraining) of displaced workers on the other hand account for the failure of most *EP*'s to successfully combine labor market policies and structural policies aiming at employment creation through changing the regional industry structure; likewise, long lead times for developing new product lines in the case of corporate restructuring tend to exceed by far the time horizons of labor market policy programs.

Despite these valuable insights into the dilemmas facing policies trying to integrate redundancy management and employment creation at the regional level, Bosch's study regrettably fails to provide a thorough evaluation of *EP*'s that applies established evaluation techniques. Although the author emphasizes that the actual costs borne by firms participating in *EP*'s were lower than the alternative costs of traditional redundancy programs ("social plans"), his cost comparisons do, for example, not include the substantial amounts contributed by local and state governments. When it comes to accounting for the alleged benefits (or outcomes) of *EP*'s, the author stresses the interim nature of his assessment (most analysed *EP*'s being still in progress at the time of writing) and the favorable overall economic situation and strong, demand-driven employment growth during the investigation period (1985-1989); however, no attempt is undertaken to systematically control for this effect at the regional or industry level. Moreover, when evaluating the stance taken by different actors in the process of implementing *EP*'s, the author does not make a secret of his sympathies for unions and works councils and his slight bias against the more cautious views taken by employers as well as the employment administration. Whereas labor unions and works councils receive much

praise for their active support of and involvement in the implementation of *EP*'s, employers' behavior is severely criticized as being obstructive (p. 60) and short-sighted (p. 68): employers' "*willingness to top up redundancy payments in order to buy off those employees interested in the 'new' ideas, seem to be greater than their courage in implementing new personnel policies. This conservatism reflects their ideological inability to manage the implementation of employment plans, either on the organisational or conceptual level. Only a handful of personnel managers in the Federal Republic of Germany seem to possess the skills that this task would require*" (p. 166). Instead of such generalizations, the reader would have preferred a more careful analysis of the positions, perspectives, and interests of *all* the actors involved in the establishment and implementation of *EP*'s. For the further development of *EP* policies such a more careful analysis seems to be all the more important since the power of unions and works councils to exert pressure on management to participate in *EP* policies may be substantially weakened and, therefore, more consensual arrangements may be more promising when *EP*'s are needed most, — in times of economic crisis.

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**Comprendre le changement technique**, Christian DEBRESSON, Ottawa, Les Presses de l'Université d'Ottawa, Éditions de l'Université de Bruxelles, 1993, 386 p., ISBN 2-7603-0336-5 (PUO), ISBN 2-8004-1069-8 (ÉUB).

Les écrits scientifiques qui, d'abord surspécialisés, doivent à leur seule nouveauté d'être reçus par la communauté savante n'ont pas grand peine à être reçus, mais en ont à être gardés en mémoire. Tel ne sera certes pas le sort de l'ouvrage soumis à ma lecture. Ses qualités, incomparables à celles d'un expédient devant l'absence de manuel introductif en matière de changement technique, servent la remise en question de la catégorisation contemporaine du savoir en ce domaine. Avec la finesse d'un esprit nuancé et la puissance d'une solide érudition, DeBresson arrive en effet à offrir du changement technique une vision entière qui défie toute frontière disciplinaire. J'examinerai successivement la trame, les assises ainsi que la portée de *Comprendre le changement technique*.

Bien que l'auteur se défende de favoriser une approche particulière à l'étude de la technologie aux dépens d'autres, son discours s'articule autour de l'objectif déclaré de « démocratiser le choix technique ». *A posteriori*, il n'y a pas là de contradiction dans la mesure où la légitimité d'une telle entreprise repose sur une étude approfondie des faits pertinents envisagés sous divers angles. Ainsi, le lecteur est amené à suivre une pensée qui intègre, dans un langage sobre et clair, les facteurs psychologiques, sociaux, économiques et politiques qui interagissent avec le choix, le développement et la diffusion des techniques. Il ressort avant tout du propos que le changement technique, loin de tracer inéluctablement la voie neutre du progrès à la manière du fatalisme, procède de choix réalisés par un nombre restreint d'individus (fonction du degré de concentration du pouvoir politique et économique) et orientés par de multiples contraintes et incitatifs (e.g. processus d'apprentissage, valeurs culturelles, demande, réduction des coûts,